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ABSTRACT

Tuition increases in Illinois public senior institutions are reviewed in light of factors being overlooked. These factors suggest the new emphasis on tuition could (1) spiral into higher tuition in the future, (2) create increased state response to provide financial support for students who would otherwise find higher charges a barrier to enrollment, (3) neglect qualitative consideration of applicants when choosing a college and the price elasticity of the demands for high education, (4) effect the middle income family not eligible for student aid, (5) have a negative effect on junior colleges and the under enrolled private sector, and (6) force some institutions to maintain or lower their nonresident tuition in order to fill their facilities. (MJM)

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SOME FACTORS BEING OVERLOOKED AS WE INCREASE TUITION AT OUR PUBLIC SENIOR INSTITUTIONS

by

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SOME FACTORS BEING OVERLOOKED AS WE INCREASE TUITION AT OUR PUBLIC SENIOR INSTITUTIONS

> "The General Assembly has found and hereby declares that the provision of a higher education for all residents of this State who desire such an education and are properly qualified therefore is important to the welfare and security of this State and Nation, and consequently is an important public purpose; many qualified students are deterred by financial considerations from completing their education, with a consequent irreparable loss to the State and Nation of talents vital to welfare and security. The number of qualified persons who desire higher education is increasing rapidly, and the physical facilities, faculties, and staffs of the institutions of higher learning operated by the State will have to be expanded greatly to accomodate such persons, with an attendant sharp increase in the cost of educating such persons. A system of financial assistance of scholarships, grants, and guaranteed loans for qualified residents of college age will enable them to attend qualified institutions of their choice in the State, public or private."
>
> Quotations from Higher Education Student Assistance Law (School Code of Illinois--Section 30-15)

This year, the State of Illinois is changing the way it helps students from Illinois through their public universities, and students and their parents now must ask for financial help in order to get it. Government leaders have told the State's educators they will preserve the State's commitment to making quality higher education available to our youth. But, they say, they are scrapping the traditional way this has been done. A century of low tuition for all Illinois students and tuition waivers for some is being replaced by higher tuitions at our public senior institutions with the State paying the tuition and fees of those who need help in meeting these and other rising costs.

State government officials are talking about eventually extending the benefits to include expenses beyond tuition and fee costs for the neediest students. The new method relies on the Illinois State Scholarship Commission to assume the

burden of higher tuition for those who would be hurt by it. But students and their parents must apply to the Commission for help in order to receive any benefits under the new system. All of this change has come about rapidly with limited public debate and little public communication.

Evidence of the State of Illinois' success in keeping tuition low for Illinois residents is shown by the position of the University of Illinois relative to other public Big Ten schools at the start of the 1970's. The University of Illinois received less than half as much tuition and fee income per student as any other public university in the Big Ten (and the same is true for all other Illinois public universities):

UNIVERSITY	TUITION & FEE INCOME PER STUDENT
Michigan	$771
Iowa	656
Ohio State	653
Michigan State	648
Wisconsin	506
Purdue	504
Indiana	486
Minnesota	486
Illinois	206

This was due not only to low tuition and tuition waivers for Illinois students, but also to the emphasis on enrolling Illinois residents rather than out-of-state undergraduates who pay higher tuition. Ninety-seven out of 100 undergraduates in our public senior institutions are from Illinois, a significantly higher resident percentage than the average of states in the Midwest. And approximately ¼ of Illinois students enrolled in public senior institutions have been provided statutory tuition waivers during the past five years.

The low tuition charged to Illinois students in the past amounted to a state subsidy of rich and poor alike. Now, state payments of the higher tuition and

fees are available only to those who apply to the Illinois State Scholarship Commission and to those who are eligible for scholarships or grants. And to be eligible, they must show that they need the financial help.

The State's Bureau of the Budget Director has said, "One funding source you will have to tap even more in the future than you do now is your students and their families. Many of them can and will pay more than they do at present for the education you give them. But the State's response must be to provide increased support for students who would find the higher charges, or who already find present charges, a significant barrier to enrollment."

The new emphasis on tuition income for the universities and ISSC aid for students and their families could spiral into still higher tuitions in the future, according to the State Budget Director. "If we spend state higher education funds assisting students with costs other than tuition and fees, that may reduce the total amount--direct, in institutional budgets, and indirect, through your income fund--that you will receive from the State toward your operations. This in turn may necessitate faster tuition increases than you in the public sector might prefer... If our aid program is good enough to preserve what access and choice we already have--indeed, good enough to extend it considerably for those in the bottom income third or half of the State's population--you need not fear that tuition increases will harm your students."

Furthermore, tuition increases are being forced in the public senior sector in order to improve the price-competitive position of Illinois private institutions. Supposedly, these institutions have "excess capacity" which will be utilized if their undergraduate enrollments increase. It is significant to note, however, that the enrollment in these institutions has remained at a constant level for the past six years, that their undergraduate enrollments dropped during the past

four years while their graduate enrollments increased, and that little building expansion has occurred. While some of the private institutions report their enrollment capacity to the State Board of Higher Education, there has never been a thorough analysis of all the resources in the private sector. Enrollment capacity is dependent upon not only space, but the efficient combination of space, operating funds, faculty, administration, etc. The fact is, we do not know what the real capacity is in the private sector.

To fill the gap between operating needs and available funds, a substitute suggestion for financing has been introduced by the executive branch of State Government. The public senior institutions in Illinois have been forced to embrace a new philosophy--higher education is a commodity to be purchased, to be consumed. But the new philosophy has been tested only against financial need considerations--little or no thought has been given to the qualitative consideration our parents and their children apply when choosing a college. And little or no thought has been given to the price elasticity of the demand for higher education.

It can be stated with some certainty that low income families will "purchase" education in larger quantities if the effective price is reduced to them through ISSC grants. But how much more? And will the new "consumers" be as academically able as the children of middle income families who will have to "purchase" education in smaller quantities as tuition increases? If higher education is a "consumable," and if our public junior colleges are providing the same product as our public senior institutions, then why not increase the tuition cost here also? The ISSC has been promised full funding for students in both the public senior and public junior institutions.

There are a significant number of Illinois youth who attend public and private colleges in other states. If cost were the only consideration, these students

would be exerting greater pressures on our expanding junior colleges in the public sector and upon our supposedly under-enrolled private sector. Perceived quality must be one of the factors influencing decisions to attend out-of-state.

The number of enrolled students has reached a relatively steady state in our public senior institutions--even before it was expected when population statistics and enrollment trends are considered. Population statistics show that higher education enrollment pressures will subside in every state in about five more years. A competition for out-of-state students could develop in some states as their institutions try to maintain optimal enrollment. They may be forced to maintain or in fact lower their non-resident tuition in order to fill their facilities. (A Kansas district court has recently ruled that a student who registers to vote in a college town becomes a legal resident of that town and is no longer subject to the higher out-of-state tuition charges. This case will only serve to support this possible enrollment competition.) If Illinois elects to raise tuition without maintaining or improving the quality of its public senior institutions and if the price differential between our institutions and those of other states become small enough to be offset by qualitative considerations, the migration of our students to other states could continue to grow at just the time we can provide spaces to all of them.